

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EB-07

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4529

INFO CINCPAC HONOLULU HAWAII

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E.O. 11652: N/A

TAGS: ENRG, KU, US

SUBJECT: MINOR FLAP OVER PETROLEUM SALES TO SEVENTH FLEET

BEGIN UNCLASSIFIED

1. RECENT WASHINGTON POST STORY, WHICH APPEARED HERE ABOUT A WEEK AGO, THAT KUWAIT NATIONAL PETROLEUM COMPANY (KNPC) SUPPLYING JET FUEL TO US SEVENTH FLEET HAS RESULTED IN MINOR FLAP. MINISTER OF FOREIGN AFFAIRS CATEGORICALLY DENIED POST STORY, WHILE MINISTER OF OIL CLAIMED TO HAVE NO INFORMATION WHATSOEVER ON THE SUBJECT: KNPC EXECUTIVE CONFIRMED TO EMBOFF THAT SALES HAVE BEEN CONTINUING, AND THAT COMPANY LIKES TO THINK THAT IT HAS A GOOD COMMERCIAL RELATIONSHIP WITH ITS SEVENTH FLEET CUSTOMER. FOLLOWING MINISTERIAL STATEMENTS ONE LOCAL PAPER SAID THERE WAS NOTHING UNUSUAL IN SALES AGREEMENT BETWEEN KUWAIT AND US MILITARY AND THERE NO VALID REASONS AGAINST MAKING SUCH DEALS.
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2. COMMENT: KUWAITIS TRADITIONALLY REFRAIN FROM DISCUSSING OPENLY ANY OIL SALES CONTRACTS. ATTITUDE STEMS LARGELY FROM TRADITIONAL DISCRETION OF TRADING PEOPLE. WE THINK IT COULD
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WELL BE TRUE THAT SENIOR LEVELS OF GOK NEVER PAID ANY ATTENTION

TO FACT THAT KNPC WAS SELLING JET FUEL TO SEVENTH FLEET.
TRANSACTION ALMOST CERTAINLY WAS HANDLED AS ROUTINE COMMERCIAL
ARRANGEMENT, AND AS KNPC REP INDICATES OF RELATIVELY LONG

STANDING. NEVERTHELESS, ONCE DEAL WAS PUBLICIZED SENIOR GOK
OFFICIALS, PARTICULARLY FOREIGN MINISTER, WERE EMBARRASSED
SINCE RELATIONSHIP WITH US MILITARY TENDS TO DIMINISH KUWAIT'S
"PROGRESSIVE" CREDENTIALS WITH CERTAIN OF ITS VARIOUS THIRD
WORLD FRIENDS, NOT TO MENTION GOK'S OWN DOMESTIC LIBERAL
CRITICS. MATTER LIKELY TO DIE DOWN FAIRLY QUICKLY, BUT WE
SUSPECT FOREIGN MINISTER AND OTHERS WILL REMAIN UNCOMFORTABLE
NOW THAT THEY AWARE OF KNPC-SEVENTH FLEET ARRANGEMENT.
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